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Dairy and Products

Annual Report

2006

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Report Highlights:
Based on six months of production data for 2006, total milk production for the calendar year 2006 is forecast to be 7.773 MMT, very close to 2005 levels of 7.806 MMT. High beginning stocks, and lower milk production at the beginning of the year is forecast to result in cheese production levels for 2006 declining to 350,000 MT. Butter production is expected to decline to 81,000 MT in 2006. Production of nonfat dry milk (skim milk powder) in 2006 is expected to decrease from 2005 levels to 66,000 MT due to efforts being made to adjust the structural surplus of skim milk powder. The increased usage of the Import for Re-Export Program (IREP) is having a marked impact on import volumes. U.S. cheese and skim milk powder account for a significant share of the cheese and skim milk powder imported into Canada. The impact of a stronger Canadian dollar on exports from Canada is also notable with exports forecasted to decrease in 2006 for fluid milk, cheese, butter and dry nonfat milk.

Includes PSD Changes: Yes
Includes Trade Matrix: No
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Table of Contents

Executive Summary

Based on six months of production data for 2006, total milk production for the calendar year 2006 is forecast to be 7.773 MMT, very close to 2005 levels of 7.806 MMT. High beginning stocks, and lower milk production at the beginning of the year is forecast to result in cheese production levels for 2006 to decreasing to 350,000 MT. Butter production is expected to decline to 81,000 MT in 2006. Production on nonfat dry milk (skim milk powder) in 2006 is expected to decrease from 2005 levels to 66,000 MT due to efforts being made to adjust the structural surplus of skim milk powder. The increased usage of the Import for Re-Export Program (IREP) is having a marked impact on import volumes. U.S. cheese and skim milk powder account for a significant share of the cheese and skim milk powder imported into Canada. The impact of a stronger Canadian dollar on exports from Canada is also notable with exports forecasted to decrease in 2006 for fluid milk, cheese, butter, and dry nonfat milk (skim milk powder).

Production

Production of fluid milk is based on Statistics Canada's volume of milk and cream sold off farm and therefore does not take into account milk used for on-farm use. During the first 6 months of 2006, 1.5 MMT of milk was produced for the fluid milk market. This is 4.45% higher than production levels for the same period in 2005. The fluid milk market, which includes milk and cream, and which provinces are responsible for administering, accounts for close to 40% of the total milk market in Canada.

The remaining 60% of the total milk market is the industrial milk market. A federal-provincial agreement, the National Milk Marketing Plan, is the mechanism through which the milk produced for industrial purposes is administered. The Canadian Milk Supply Management Committee (CMSMC), based on calculations done by the Canadian Dairy Commission (CDC), sets the national industrial milk production target, also known as the Market Sharing Quota (MSQ), and establishes the provincial shares. This target is adjusted approximately every three months. In 2006, the industrial target had been decreased from its December 2005 level of 48.52 to 47.89 in February and to 47.07 in April before being increased in June and August to bring the MSQ up to 48.14 million hectoliters based on 3.6 kilograms of butterfat per hectoliter (173.30 million kilograms of butterfat). This is an additional .92% increase on the June 2006 increase of 1%. Due to the steady decrease in the MSQ over the first four months of the year, industrial milk production in the first 6 months of 2006 is 5.38% lower than the industrial milk production level for the same period in 2005.

The increases in fluid milk production off-set the reduction in industrial milk production levels resulting in a total production level for the first 6 months of 2006 only 1.78% below 2005 levels for the same period. Despite the announced increases in the MSQ, post forecasts that the production level for the year 2006 will be 7.773 MMT, slightly below the 2005 calendar year production level of 7.806 MMT. Post forecasts that for 2007, milk production level will follow similar trends and further decrease, finishing close to 7.650 MMT in 2007.

The number of cows in milk has resumed its downward trend as dairy farmers have adjusted to the slaughter house capacity shortages resulting from the BSE-ban. The advancements in genetic and feed technology have allowed for greater productivity. Data from Statistics Canada demonstrates that despite the national heard size declining by 40% over the past 25 years, total milk production has increased slightly over the same time period.

Total cheese production for 2005 increased from 2004 levels by about two percent, from 345, 000 MT to 352,000 MT. This increase was solely due to a 4% increase from 2004 levels in

cheddar cheese production. Cheddar cheese accounts for nearly 40% of total Canadian cheese production. In 2005, the production level of variety cheeses, which account for the other 60% of total cheese production, were at the same level they were in 2004. Based on five months of data, year 2006 production levels of variety cheeses (60% of total cheese production) is 1% lower than cheese production levels for the same time period in 2005. Conversely, production levels of cheddar cheese, based on 5 months of data, are 2% higher than in 2005, for the same time period. High beginning stocks, and lower milk production at the beginning of the year will likely result in cheese production levels for 2006 decreasing to 350,000 MT from 2005 levels of 352,000 MT. Post forecasts that cheese production levels in 2007 will increase slightly from 2006 levels to 351,000 MT.

Butter production in 2005 was 1% lower than 2004 levels. Lower volumes of industrial milk and high beginning butter stocks (33% higher than the previous year) were contributing factors to the declining butter production during the first six months of 2006. By July, butter production levels were 7% lower than for the same period in 2005. Butter production is expected to increase slightly over the last six months of 2006 due to an expected increase in industrial milk. Overall, butter production is expected to decline relative to 2005 levels by 3% from 84,000 MT to 81,000 MT in 2006.

Production of nonfat dry milk in 2005 was 73,000 MT, a 17% decrease from year 2004 production levels of 88,000 MT. Production on nonfat dry milk (skim milk powder) in 2006 is expected to decrease from 2005 levels of 73,000 MT to 66,000 MT. Skim milk powder production (SMP) has been decreasing due to incentives to change the milk composition at the farm so that fat content in milk increases relative to the Solids-Non-Fat (SNF). Provinces have instituted Solids-Non-Fat to Butterfat Ratio Caps that essentially will deny producers payment on the SNF above the cap. This type of measure was deemed necessary due to the increasing inventories and storage costs of SNF, costs that are borne by the producers. Changes such as a higher demand of butterfat, technological advances that increased yields through the use of by-products thereby reducing the need for SNF, and the increased imports of dairy ingredients not covered under tariff rate quotas exacerbate the SNF structural surplus. Lower stocks, higher levels of exports, and milk compositional changes are the most dominant factors leading to lower SMP levels in 2006. Post forecasts that these lower production levels will continue into 2007 and result in a further drop of nonfat dry skim milk for to 64 MMT.

Consumption

Per-capita domestic consumption was calculated by dividing national sales data by population estimates, both from Statistics Canada. The per-capita consumption of the fluid milk market, which includes 3.25%, 2%, 1%, skim and chocolate milk, decreased in 2005 to 83.4 liters per person, which represents an approximate 2% decrease from 2004 levels. In 2006, based on six months of data, domestic consumption for fluid milk is expected to remain stable since consumption of fluid milk in 2006 is close to the same levels it was at for the same time period in 2005.

Demographic and social changes have had significant impacts on Canada consumption patterns of fluid milk. The per-capita fluid milk consumption has remained relatively stagnant for the past 5 years, despite the fact that the population has increased by five percent. This is due, in large part to the nature of the population growth and immigration patterns. Population growth through immigration has exceeded natural population growth for the past 10 years. According to Citizen and Immigration Canada, Asians have accounted for 61% of immigrants in the last five years. Drinking fluid cow's milk is not something popular among Asians, however consumption of yogurt and other specialty dairy products among Asians is increasing in popularity.

Baby-boomers also have a significant impact on fluid milk consumption patterns. As the baby-boomers age, their approach to food has changed. Food is now being viewed as a vehicle to greater longevity (food as medicine). This attitude is largely responsible for the shift from higher fat milks to lower fat milks. In 2005, consumption of 3.25% milk, 2% milk, 1% milk, and skim milk accounted for 15%, 46%, 21%, 11%, and 7% of total fluid milk consumption, respectively. Over the past five years, the shift to lower fats milks has meant that the consumption of the 1% and 2% milk of total fluid milk has increased by 7%, and 5% increase, respectively. The 3.25% and 2% milk share of total milk consumed decreased by 7% and 4%, respectively. Over the past five years, the share of national milk consumption attributed to chocolate milk has increased by 15%. This increase may be the result of an increased effort to make milk attractive to the teenage segment of the population (e.g. advertising aim at youth, milk machines). New milk products will likely focus on flavored milk and functional milks such as milk with added calcium, vitamins and omega-three fatty acids.

The popularity of specialty coffees from food establishments has significantly helped increase the per capita consumption of cream, in sharp contrast with the low-fat milk trend. Since the year 2000, there has been a 17% percent increase in per capita consumption. In 2005, the per-capita cream consumption was 8.37 liters per person; a slight 1.33% increase over year 2004 levels, and the lowest increase in 5 years. In 2006, per capita cream consumption will likely increase slightly again due to the increase in the availability of fluid milk.

Based on Agriculture and Agri-food Canada data (AAFC), the per-capita consumption of butter for the year 2005 was 3.13 kg per person, a decrease close to 10% below year 2004 levels. After hitting a low of 2.62 kg per person in 1997, butter rebounded, due in large part to the increase in demand for butter for further processing (used in the manufacturing of pastries and backed goods). The focus on healthier fats and the increased focus on transfats from vegetable oils (shift away from margarine back to butter) may help increase domestic consumption of butter in the coming years.

According to AAFC data, per-capita total cheese consumption in 2005 was 12.03 kilograms, representing a 3% increase over 2004 levels. AAFC reports that, in 2005, per-capita consumption of cheddar cheese increased from 3.78 kilograms in 2004 to 3.96 kilograms in 2005. Consumption of specialty cheeses, for the first time in several years, decreased in 2005 from 7.35 kilograms per person to 7.22 kilograms per person, representing a 2% decrease from 2004 levels. Processed cheese consumption also decreased slightly from 2004 levels, while cottage cheese consumption continued to increase in 2005. The current health trend, which encourages the consumption of low-fat cheeses, has resulted in the slow but steady increase in per capita consumption of cheese. In addition, innovative, convenient, and “kid friendly” packaging may have been factors in the continued growth in consumption patterns. Cheese, especially finer and specialty cheeses, are very price sensitive. Should the expected slow down in the economy occur, the consumption of these types of cheese will likely decline.

Ice cream consumption in 2005 was the highest it has been since 1998 with per-capita consumption of 9.66 liters per person. According to AAFC data, this volume represents an increase of 6% over 2004 levels. Contributing factors may be the increased advertising for ice cream. There has been a concerted effort from the dairy producers to encourage consumers and retailers to demand ice cream made with real cream rather than butter oil sugar blends. Yogurt has also enjoyed increased consumption in the past few years, likely due in part to the trend of healthier eating, as well as innovative products and packaging. In 2005, per capita consumption reached its highest level since the year 2000 with Canadians

consuming 7.23 liters of yogurt per person. This represents a 7% increase of year 2004 levels.

Trade

There are quantitative restrictions on imports and exports of dairy products to and from Canada. Information of these regulations can be found at the following websites:

Tariff rate utilization tables and quota holders for various dairy products in Canada:

http://www.dfait-maeci.gc.ca/eicb/agric/milk-en.asp

Canadian import, export and inter-provincial requirements for dairy products:

http://www.inspection.gc.ca/english/fssa/dailai/cdnrege.shtml

Quantitative restrictions in the form of tariff rate quotas (TRQs) exist for 10 Canadian dairy products, including fluid milk, butter, cheese and dry nonfat milk (skim milk powder). Set quantities of these products are permitted into the country at a low, or a zero tariff. Once this amount has been met, additional products imported face a prohibitively high tariff. It is possible for dairy products under imports controls to avoid these high tariffs and enter through supplementary import permits granted by the Export and Imports Controls Bureau. There are various programs designed to help Canadian processors stay competitive by giving them access to dairy ingredients at world price. These programs include the Duty Deferral Program (DDP) and the Import for Re-export Programs (IREP). DDP and IREP are programs through which imports on restricted products are permitted, through supplementary import permits, on the condition that they are ultimately exported (usually in a processed form) within a set time period. Products made with these imported dairy ingredients do not enter the Canadian market and are therefore not subject to TRQ. In 2005, the IREP program, under which products enter under the within-access tariff line, accounted for 70% of the total imports of milk (including cream), cheese, butter and skim milk powder imported into Canada. Goods entering under the duty deferral program enter under the over access tariff line but are not subject to the full tariff. Supplementary imports for products that will enter the Canadian markets are also granted and are permitted in order to fill a niche market for which the demand is not filled domestically. For more on these programs, please see the following websites:

http://www.dfait-maeci.gc.ca/trade/eicb/notices/ser663-en.asp

http://www.dfait-maeci.gc.ca/eicb/EICS/EICS-en.asp

Imports

For 2005, the Canadian Dairy Commission reports that dairy imports into Canada totaled $597 million, with a product mix consisting of specialty cheeses (29.1%), casein and its derivatives (18.3%), milk powders (12.3%) and butter and fats derived from milk (11.7%).

Fluid milk, not including flavored milk such as chocolate milk, is under a tariff rate quota with an in-quota access of 64,500 MT, an amount which is considered to be filled through cross border shopping. In 2005, import permits for 12,020 MT of fluid milk were issued under the import for re-export program. This milk all came from the United States. Imports of fluid milk coming in through the IREP has increased by 29% from 2004 levels of 8,586 MT.

The within-access quota level for cheese in Canada is 20,412 MT. In 2005, cheese imports were 25,000 MT, of which 38% came from the European Union. In 2005, the U.S. supplied 20% of the total cheese imported into Canada, increasing its market share by 3% from the year before. At 5,200 MT, the U.S. was the second highest supplier of cheese in 2005. Permits for 4,130 MT of cheese were granted under the IREP program, with most of it originating in the U.S. Based on 8 months of data, U.S. market share is expected to increase slightly as the stronger Canadian dollar will make U.S. cheese more attractive. The usage of the IREP program, which, in 2005, for cheese increased by 40% over year 2004 levels, will likely continue to keep imports increasing progressively over time. Based on 8 months of data, cheese imports are 7% higher in 2006 than cheese import levels in 2005 for the same time period. Cheese imports in 2006 are forecast to be slightly higher, totaling 26,000 MT due to the increasing usage of the IREP program.

Butter imports include butter, fats and oil from milk, and dairy spreads which may contain butter. The butter access quota is 3,274 MT. In 2005, total imports for butter into Canada decreased to 24,000 MT, a 13.84% decrease from 2004 levels. In 2005, New Zealand butter accounted for 38% of butter imported into Canada. Uruguay and Argentina accounted for 19% and 18% of butter into Canada for 2005, respectively. With 984 MT of butter, U.S. butter accounted for 4% of total butter imports into Canada in 2005. Permits for importing butter under the IREP program are granted on a dairy year basis. In 2005, permits for 23,321 MT of butter were granted by International Trade Canada under the IREP program, a 12% increase from the 2003/2004 dairy year. New Zealand is the largest supplier/user of the IREP program in butter. Based on 8 months on trade data, total butter imports in 2006 are more than 30% below 2005 levels. Post forecasts butter imports to total 22,000 MT in 2006. The U.S. share of total butter imports into Canada is likely to remain the same. Imports of butter will likely increase in 2007 due to usage of the IREP program by processors who wish to use it in the production of bakery and confectionary goods.

The within-access for skim milk powder (SMP) is zero and most SMP entering Canada is doing so through the IREP program. In 2005, imports were 3,600 MT, an increase of 47% from 2004 level. The U.S. supplied 97% of these imports, with New Zealand supplying the other 3%. The amount of SMP being supplied by the US in 2005 is nearly one and a half times the volume that was supplied by the U.S. in 2004. New Zealand SMP import levels into Canada have more than doubled from their 2004 levels. Based on the last 8 months of trade data, the popularity of the IREP program for SMP will further increase SMP from the U.S. in 2006. Already, the U.S. SMP imports into Canada have increased by more than 10% from 2005 levels for the same period of time.

Product that enters Canada under the over-quota line mostly likely does so under the Duty Deferral Program. In 2005, the small amount of SMP that entered Canada over-access (2 MT) came from Pakistan, the UK and France. Pakistan supplied 47%, the UK 6%, and France 9%. This is a dramatic change from 2004 when over-access SMP was 20 MT and nearly 97% of it was supplied by the United States. This change from 2004 is most likely the result of a shift from the duty deferral program to the IREP program.

Exports

A 2002 ruling by the World Trade Organization capped subsidized exports of dairy products from Canada. There is a limited quality and/or value of dairy products that can be exported. This inability to access the world market has been a source of strain for the industry. The Canadian Dairy Commission (CDC) reports that in 2005, Canadian dairy exports totaled $242 million with its main exports consisting of dairy spreads (18.0%), ice-cream (16.0%), cheddar and cheddar type cheese (13.8%) and specialty cheeses (11.6%). The CDC also reports that 52% of dairy products exported from Canada are destined for North American

markets outside Canada, with the European Union and Asia receiving 13.0% and 11.9%, respectively.

Based on six months of data for 2006, exports of fluid milk from Canada are 30% lower than they were in 2005 for the same time period. Exports to the U.S. are down 40%, while exports to Taiwan and Aruba are down 5% and 4% lower, respectively, from levels a year ago for the same time period. This strong Canadian dollar has had a severe impact of exports, reducing the quantity exported.

Canadian cheese exports in 2005 were 9,400 MT, a 7% decrease from 2004 levels. Canadian cheese exports in 2005 to the U.S. were 60% of what they were in 2004. Based on 8 months of data, US exports in 2006 are 20% below the 2005 level for the same time period due to the stronger Canadian dollar. In 2005, , the U.K., accounting for 40% of the total cheese exported from Canada, replaced the U.S. as the largest market for Canadian cheese exports. Preliminary data for 2006 indicates that the U.S. in 2006 will once again become the number one export market for Canadian cheese.

Butter export levels in 2005 were 20,000 MT, an increase of 15% over 2004 levels of 17,000 MT. Data from Statistics Canada indicated that 96% of butter exported from Canada in 2005 went to the U.S. market, and this represented an increased of 10% over 2004 levels. Based on 8 months of data, 2006 export levels are 7% lower than butter export levels in 2005 for the same time period. Post forecasts export levels for butter to be 18,000 MT, reflecting the impact of a strong Canadian dollar.

In 2005, Canada exported 5,500 MT of skim milk powder (SMP), approximately one third less than in 2004. In 2005, as in 2004, Cuba was largest market for Canadian SMP, receiving 51% of total SMP exports. Mexico and the Philippines received 10% and 6% of the exported SMP, respectively. The U.S. also received a small share of Canada's SMP exports (2%). Based on 8 months of data, exports of SMP in 2006 are three times the levels they were for the same time period in 2005. Post forecasts 2006 SMP exports to increase from 2005 levels of 6,000 MT to 11,000 MT.

Policy

Dairy product regulations and limiting the use of milk protein concentrate (MPC) are policy issues that will continue to dominate policy developments in Canadian dairy in 2006. On January 31st, 2006, the Federal Court of Appeal upheld the CITT ruling that Promilk 872b was properly classified under tariff item 35.04. This prompted the national dairy producer lobby organization, Dairy Farmers of Canada, to press the government for tighter import controls. This included revisions to Canadian regulations that the DFC considers conflicting by presenting different definitions of what constitutes a milk product. Dairy processors, on the other hand, argued that to remain competitive, imports of dairy product ingredients must be allowed to continue. The mounting conflict lead Federal Agriculture Minister Chuck Strahl to invite Dairy Farmers of Canada (DFC) and the Dairy Processors Association of Canada to form a Working Group to look at key industry concerns including compositional standards for milk utilization and ingredients (i.e., the issue of Milk Protein Concentrates (MPC) for the production of dairy products). The working group ended mid-October and a report has gone the Minister. The results stemming from the working group were not public at the time of this report. The establishment of the working group pre-empted lobby action and, with its task completed, one can expect the resumption of more visible lobby activities on labeling, price, and the nature of tighter dairy regulations from both dairy organizations.

The collapse of the World Trade Organization talks in July has resulted in a status-quo situation for the supply-managed commodities in Canada. Whether or not this will be good

for the dairy industry in the long run is uncertain. Some are of the opinion that it would have been better to move forward knowing what was to come rather than continue to operate under uncertainty. Others argue that what was on the table would likely have spelled the end of supply management in dairy for Canada.

PSD Tables
Table 1: Fluid Milk PSD

PSD Table

Country	**Canada**									
Commodity	**Dairy, Milk, Fluid**						(1000 HEAD)(1000 MT)			
	2005	Revised		2006	Estimate		2007	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		01/2005	01/2005		01/2006	01/2006		01/2007	01/2007	MM/YYYY
Cows In Milk	1066	1066	1066	1049	1049	1049	0	0	1029	(1000 HEAD)
Cows Milk Production	7797	7797	7806	7725	7725	7773	0	0	7650	(1000 MT)
Other Milk Production	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Production	7797	7797	7806	7725	7725	7773	0	0	7650	(1000 MT)
Other Imports	11	11	11	12	12	12	0	0	11	(1000 MT)
Total Imports	11	11	11	12	12	12	0	0	11	(1000 MT)
Total Supply	7808	7808	7817	7737	7737	7785	0	0	7661	(1000 MT)
Other Exports	9	9	9	10	10	7	0	0	8	(1000 MT)
Total Exports	9	9	9	10	10	7	0	0	8	(1000 MT)
Fluid Use Dom. Con.	2846	2846	2831	2800	2800	2823	0	0	2778	(1000 MT)
Factory Use Con.	4503	4503	4509	4477	4477	4489	0	0	4418	(1000 MT)
Feed Use Dom. Con.	450	450	468	450	450	466	0	0	457	(1000 MT)
Total Dom. Con.	7799	7799	7808	7727	7727	7778	0	0	7653	(1000 MT)
Total Distribution	7808	7808	7817	7737	7737	7785	0	0	7661	(1000 MT)
CY Imp. from U.S.	10	10	10	11	11	12	0	0	11	(1000 MT)
CY. Exp. to U.S.	5	5	5	7	7	7	0	0	8	(1000 MT)

Table 2: Cheese PSD

PSD Table										
Country	**Canada**									
Commodity	**Dairy, Cheese**					(1000 MT)				
	2005	Revised		2006	Estimate		2007	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		01/2005	01/2005		01/2006	01/2006		01/2007	01/2007	MM/YYYY
Beginning Stocks	59	59	59	60	60	62	60	66	64	(1000 MT)
Production	351	351	352	355	355	350	0	0	351	(1000 MT)
Other Imports	25	25	25	25	25	26	0	0	25	(1000 MT)
Total Imports	25	25	25	25	25	26	0	0	25	(1000 MT)
Total Supply	435	435	436	440	440	438	60	66	440	(1000 MT)
Other Exports	10	10	9	12	12	8	0	0	9	(1000 MT)
Total Exports	10	10	9	12	12	8	0	0	9	(1000 MT)
Human Dom. Con.	365	365	365	368	362	366	0	0	367	(1000 MT)
Other Use, Losses	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Dom. Con.	365	365	365	368	362	366	0	0	367	(1000 MT)
Total Use	375	375	374	380	374	374	0	0	376	(1000 MT)
Ending Stocks	60	60	62	60	66	64	0	0	64	(1000 MT)
Total Distribution	435	435	436	440	440	438	0	0	440	(1000 MT)
CY Imp. from U.S.	5	5	5	5	5	5	0	0	5	(1000 MT)
CY. Exp. to U.S.	3	3	2	3	3	2	0	0	3	(1000 MT)

Table 3: Butter

PSD Table
Country **Canada**
Commodity **Dairy, Butter** (1000 MT)

	2005 Revised			2006 Estimate			2007 Forecast			UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		01/2005	01/2005		01/2006	01/2006		01/2007	01/2007	MM/YYYY
Beginning Stocks	15	15	15	19	19	20	16	16	17	(1000 MT)
Production	83	83	84	79	79	81	0	0	82	(1000 MT)
Other Imports	24	24	24	22	22	22	0	0	23	(1000 MT)
Total Imports	24	24	24	22	22	22	0	0	23	(1000 MT)
Total Supply	122	122	123	120	120	123	16	16	122	(1000 MT)
Other Exports	20	20	20	22	22	18	0	0	18	(1000 MT)
Total Exports	20	20	20	22	22	18	0	0	18	(1000 MT)
Domestic Con.	83	83	83	82	82	88	0	0	88	(1000 MT)
Total Use	103	103	103	104	104	106	0	0	106	(1000 MT)
Ending Stocks	19	19	20	16	16	17	0	0	16	(1000 MT)
Total Distribution	122	122	123	120	120	123	0	0	122	(1000 MT)
CY Imp. from U.S.	1	1	1	1	1	1	0	0	1	(1000 MT)
CY. Exp. to U.S.	19	19	19	20	20	17	0	0	17	(1000 MT)

Table 4: NonFat Dry Milk (Skim Milk Powder) PSD

PSD Table										
Country	**Canada**									
Commodity	**Dairy, Milk, Nonfat Dry**						(1000 MT)			
	2005	Revised		2006	Estimate		2007	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		01/2005	01/2005		01/2006	01/2006		01/2007	01/2007	MM/YYYY
Beginning Stocks	41	41	41	38	38	38	31	31	31	(1000 MT)
Production	75	75	73	76	76	66	0	0	64	(1000 MT)
Other Imports	4	4	4	7	7	4	0	0	4	(1000 MT)
Total Imports	4	4	4	7	7	4	0	0	4	(1000 MT)
Total Supply	120	120	118	121	121	108	31	31	99	(1000 MT)
Other Exports	6	6	6	12	12	11	0	0	11	(1000 MT)
Total Exports	6	6	6	12	12	11	0	0	11	(1000 MT)
Human Dom. Con.	73	73	71	73	73	63	0	0	85	(1000 MT)
Other Use, Losses	3	3	3	5	5	3	0	0	3	(1000 MT)
Total Dom. Con.	76	76	74	78	78	66	0	0	88	(1000 MT)
Total Use	82	82	80	90	90	77	0	0	99	(1000 MT)
Ending Stocks	38	38	38	31	31	31	0	0	32	(1000 MT)
Total Distribution	120	120	118	121	121	108	0	0	99	(1000 MT)
CY Imp. from U.S.	3	3	3	6	6	3	0	0	3	(1000 MT)
CY. Exp. to U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)

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